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NORTH VIETNAM: The decision to launch the Communist offensive in South Vietnam may have rekindled serious party dissension in North Vietnam.

On the eve of the offensive, Tran Quoc Hoan, who heads Hanoi's secret police, directed a stinging diatribe against "counterrevolutionaries" both at home and abroad. Writing in the March issue of the authoritative party journal, he argued quite explicitly in favor of using "revolutionary violence" more liberally to "repress" and "exterminate" all those who oppose the party line. This could be read as an official rationale for a step up in military activity and a wider use of terrorism in the south. It seems more likely that the article was designed to refute and intimidate those in the north who may favor a less costly military commitment or even a compromise approach to a solution of the war. Hoan, in fact, leaves little to the imagination, pointing an accusing finger at those in the party who are guilty of "timidity," "lack of firmness," and other dovish sentiments in the face of the US threat. "Generally speaking," he intones, "any person or organization that hates the revolution, sabotages socialist reform...or opposes the struggle for peace and national unification must be considered a counterrevolutionary." He quotes party First Secretary Le Duan to the effect that any effort to coddle such people while the country is struggling against US imperialism would be "a dangerous rightist deviation and a crime against the revolution."

Hoan is quite candid about how he would go about fulfilling Le Duan's mandate. In addition to "reindoctrination" as a cure for waywardness, he emphasizes the need for "penal measures," and he notes pointedly that "when the use of violence is deemed necessary" to cleanse the homefront, "it must be used resolutely." As if to drive home his point, Hoan cites agrarian reform as one area

of the economy that has benefited from previous party efforts to stamp out "counterrevolutionaries." This allusion can only be to the agrarian reform program of the mid-1950s when the regime liquidated thousands of people who did not "agree" with the prevailing line. The article also refers approvingly to Soviet intervention in Hungary in 1956 and Czechoslovakia in 1968 as examples of how best to handle counterrevolutionary elements.

There is no indication in Hoan's piece that a full-scale party purge is already under way, but it seems unlikely that Hanoi's top security official would call for such extreme measures in the party's most prestigious journal if the regime were not actively considering them. Other recent propaganda suggests that, as plans for the current offensive were completed, the regime in fact became increasingly sensitive to war-weariness in the society as a whole and party dissidence in particular. An authoritative article in December, which spelled out in unequivocal terms Hanci's new preoccupation with main force warfare, spoke of the problem of "subjective" attitudes in some quarters. More recently, the Hanoi press has warned that the expulsion of some cadres might be necessary to ensure a proper party response to the regime's policies. (CONFIDENTIAL)

USSR-VIETNAM-US: Moscow appears concerned that the North Vietnamese offensive could upset President Nixon's visit to the USSR.

A senior Soviet official in the UN secretariat told a former US diplomat on 4 April that the timing of the offensive was "most unfortunate" and expressed the hope that it would not interfere with the President's trip. He stressed that Moscow was in no way involved in the planning of the attack.

Such an approach, while clearly self-serving, gains in credibility when viewed against recent differences in approach between Moscow and Hanoi toward the war. It may also reflect a genuine worry on Moscow's part that the offensive might prejudice the atmosphere of the summit or, even worse, provoke some strong US counteraction that would make it embarrassing for the USSR to receive the President. The Soviets may make similar demarches to the US as they seek to underscore their limited ability to influence Hanoi's tactics.

Moscow's press coverage of the attack reflects similar considerations. Thus far, Soviet media have not stressed the role of Soviet-supplied weapons in order to downplay the Soviet link to the North Vietnamese assault. Moscow will feel constrained to increase its verbal support for Hanoi, however, if the fighting escalates or Peking voices stronger backing for the North.

Moscow's apparent lack of enthusiasm for the timing of the offensive may also be colored by a concern that Hanoi is overextending its military strength. Soviet press coverage of the attack has sought to convey the impression that Washington is on the verge of taking "dangerous" counteraction. The USSR has been particularly chagrined and embarrassed throughout the Vietnam conflict by its inability to prevent the US from bombing, with relative impunity, a "fraternal Socialist state." The

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Soviets may fear that a return to intensive US air attacks will put pressure on it to increase its commitment to the North.

Meanwhile, a North Vietnamese diplomat in Paris reportedly has said that Moscow has invited party boss Le Duan to visit the USSR prior to the President's arrival. Any such visit, either public or private, would probably be used to reassure Le Duan that the Soviets stand by the public commitment made by Brezhnev on 20 March that they will not sell out the interest of their allies. Such a trip would also enable the Soviets to compare notes with Hanoi on the war shortly before the summit in May. (SECRET NO FOREIGN DISSEM)

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SOUTH ASIA: New Delhi is awaiting Islamabad's response to an offer for a summit meeting preceded by a preliminary session between special emissaries of the two countries.

Yesterday, the Pakistani foreign secretary acknowledged India's written offer, received earlier in the week via the Swiss, and claimed President Bhutto's reply would be sent shortly. Indian Foreign Minister Swaran Singh, who returned to New Delhi yesterday from talks in Moscow, publicly supported the suggested two-level scenario for Indo-Pakistani negotiations. The Indo-Soviet communiqué endorsed direct negotiations among India, Pakistan, and Bangladesh, indicating Moscow's willingness to support India's determination to exclude all powers, including the Soviet Union, from performing a mediatory role.

Bhutto reportedly is now willing to accept official-level preparatory talks in advance of a summit, but the two sides probably remain far apart on substantive issues. Although the Indians may be trying to improve the climate for negotiations, there is no indication that New Delhi has altered its initial positions. The Indians probably are in no hurry for formal peace negotiations, and they remain skeptical about Bhutto's ability to survive in Pakistan's fluid political environment. Moreover, until Bhutto recognizes Bangladesh, there is little likelihood of progress on the most pressing issue for Pakistan--repatriation of 94,000 POWs.
(CONFIDENTIAL)

Egypt-Jordan: Cairo's break in diplomatic relations with Jordan is another move by Egypt's leaders to maintain their role as the foremost spokesmen of the Arab nationalist cause.

Egypt has had no ambassador in Jordan since mid-1971, and relations between the two countries have been cool for some time. King Husayn's clampdown on fedayeen activity in Jordan in July 1971 generated cries of protest from Cairo, and the assassination of Jordanian Prime Minister Wasfi Tal in Cairo, plus the subsequent lenient Egyptian treatment of those accused of his murder, have added further strains between Cairo and Amman.

Speaking to the Palestinian National Council yesterday, President Sadat declared that the cutting of ties was an interim step being taken until the Arabs could adopt a unified stand regarding King Husayn's West Bank proposal. Sadat's address also reiterated past expressions of support for the Palestinian cause, including the often repeated Egyptian pledge to safeguard the Palestinians' right to self-determination.

Privately, Egyptian officials have not been entirely negative about Husayn's plan, going so far as to admit it had some positive aspects. Support for the Palestinian cause is the touchstone of Arabism, however, and the Palestinian rejection of the proposal made a public repudiation by Cairo virtually mandatory. Moreover, pressures for a further means of expressing rejection of Husayn's plan may have been applied in Cairo by Libya, which severed relations with Jordan last year. The semi-official Al-Ahram reported this morning that Egypt is still considering whether to close its airspace to Jordanian planes. This would add an economic sting to Sadat's announcement and virtually guarantee a strong reaction from Amman. (SECRET)

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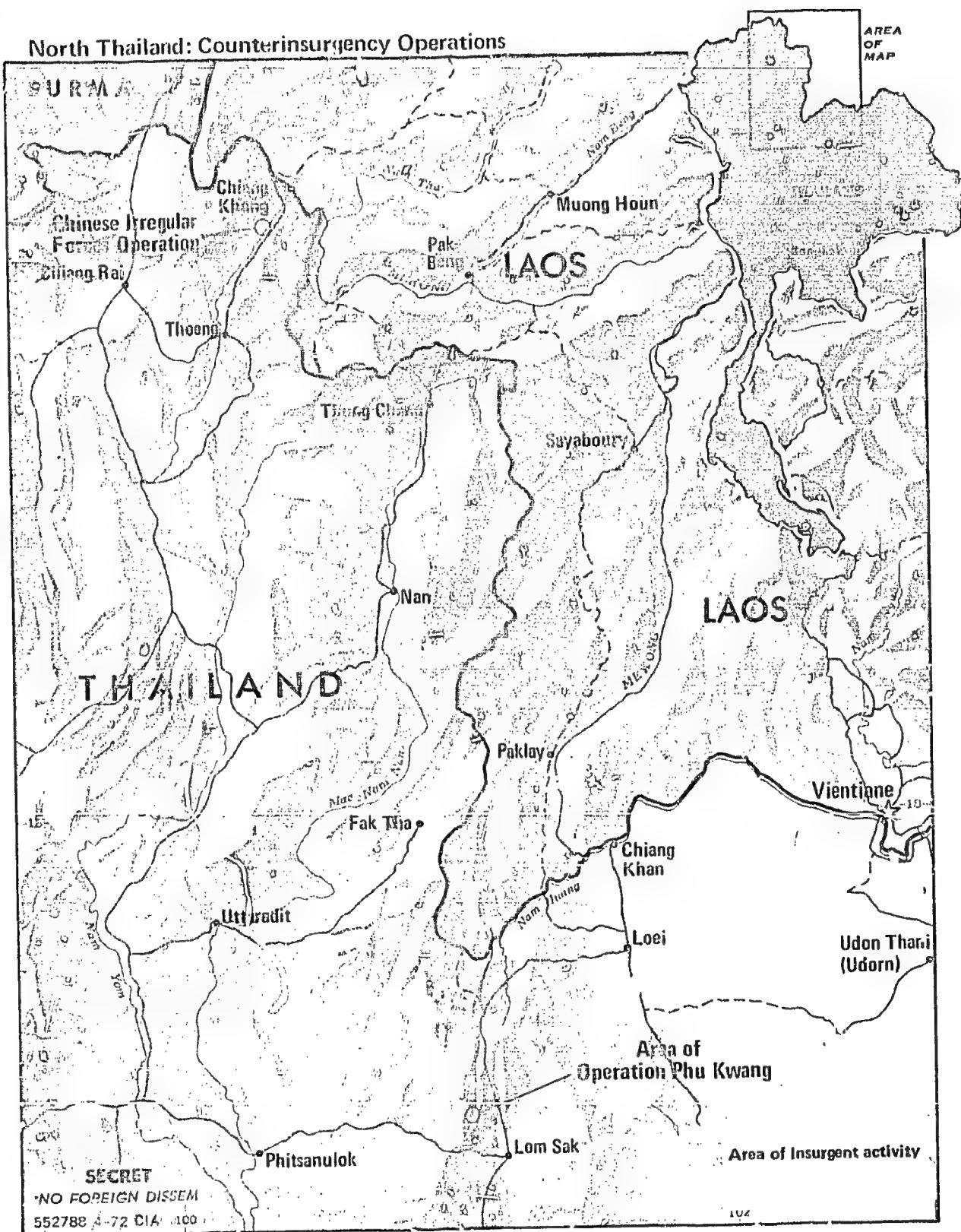
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North Thailand: Counterinsurgency Operations



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THAILAND: Dissatisfaction with the results of the large counterinsurgency operation in north-central Thailand has inspired another review of tactics and strategy for fighting the insurgents.

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The operation, called Phu Kwang, has achieved the psychological victory of penetrating the insurgents' main stronghold. There was a consensus at the meeting, however, that the massive deployment of troops against a small insurgent force was too costly for these relatively limited results. A working group was established to develop new recommendations for fighting the insurgents.

It is not clear what, if any, decision was made regarding the retention of a residual force in the north-central area to keep the Communists from reoccupying the area. The working group may make recommendations on this as well as on future army operations. The apparently hard-headed assessment of the Phu Kwang operation may result in a shift toward operations such as that now being undertaken in the north by the government-backed Chinese Irregular Forces (CIF), remnants of the Chinese Nationalist forces that took refuge in northern Thailand after World War II. These forces, which proved relatively effective in a similar counterinsurgency campaign a year ago, are conducting quick forays into suspected insurgent areas in an effort to maintain an element of tactical surprise. (SECRET NO FOREIGN DISSEM)

CHILE: The resignation of the moderate faction of the Radical Party from President Allende's government is a serious blow to his personal strategy.

Allende had hoped to use the faction, known as the Party of the Radical Left (PIR), as the core of a non-Marxist political grouping that would strengthen his own position within his Popular Unity Coalition and further enhance the image of pluralism he seeks for his administration. Allende's own Socialist Party has long resented the deference Allende has shown the PIR and other non-Marxist groups as he tried to maneuver for dominance in the eight-party coalition. The resignations of the PIR's two cabinet ministers may bring about the major cabinet reorganization that Allende had promised to make in March, but it will now be more difficult than ever for the President to overcome the internal divisions that have hamstrung the coalition for much of his administration.

Allende's problems will be compounded if the PIR casts its lot with the opposition forces, rather than maintaining the independent but progovernment position it took before joining the government coalition. The PIR's 13 legislators would add strength to the opposition majority in Congress. Moreover, the Christian Democratic opposition has hopes of organizing a broad centrist coalition for the elections in March 1973, if traditionally bitter animosities can be overcome. PIR candidates could draw critical votes away from Allende's electoral coalition. (SECRET NO FOREIGN DISSEM)]

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SWEDEN-EC: Prospects for a Swedish free trade arrangement with the EC are uncertain, despite some progress during the first round of negotiations that ended on 21 March.

Until last year, Sweden had considered full EC membership desirable but decided to pursue a free trade alternative when it became apparent that political coordination among EC members would compromise Swedish neutrality. Swedish business and banking interests still favor full membership, however, and the Palme government may yet have to relent.

There are signs that Stockholm is still hoping for a compromise arrangement that might allow participation in EC decision making, one that could be gradually expanded to increase Sweden's ties with the EC. In last month's negotiations, Swedish representatives reiterated their desire for such an "evolutionary" agreement, particularly in economic and monetary affairs. Before the second round of negotiations in May, the Swedish foreign and trade ministers plan to visit EC capitals to seek support. The EC hopes negotiations will be wrapped up before August.

On trade matters, there was agreement in the first round on a five-year period for normal tariff dismantling, the removal of quantitative export restrictions, and on most administrative questions. There was no progress on agricultural issues or on Swedish finished products that contain a significant amount of foreign manufactured components. Most difficult is Sweden's desire to obtain a better arrangement for its exports of paper, steel, and ball bearings--products which are "sensitive" from the EC's point of view.

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If Sweden is successful in obtaining an arrangement short of full membership, the chances for the EC referenda in Denmark and Norway could be impaired. Anti-EC forces there might reason that their governments could do as well without the loss of sovereignty that full membership implies. On the other hand, should the EC remain unreceptive to Swedish desires, Stockholm may postpone any agreement until after Denmark and Norway have made their decisions regarding membership. (CONFIDENTIAL NO FOREIGN DISSEM)

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ITALY: Recently published statistics confirm the severity of the nation's economic slowdown in 1971.

The meager 1.4-percent growth in gross national product last year was the lowest in the postwar era. The slowdown largely reflects a ten-percent drop in gross investment, primarily because of the decline in private investment. The fall in capital spending on private residential construction was particularly sharp, and inventories reached their lowest point in many years. Despite repeated government promises to speed up use of backlogged funds, public works outlays actually dropped by 7.5 percent, increasing skepticism about the government's ability to fulfill commitments for social investments this year.

Productive investment by state enterprises, however, again rose sharply. Private investors are worried about the expansion of the state's role in the economy, which they regard as "surreptitious nationalization." According to the US Embassy, this trend is being debated in the current election campaign. (CONFIDENTIAL)

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(SOUTH VIETNAM: The level of fighting between South Vietnamese and Communist forces remained generally low on 6 April. Enemy military action in northern Quang Tri Province was limited largely to light artillery attacks, as Communist forces regrouped for future attacks and hardened their positions against increased allied air strikes. Farther south, a South Vietnamese armored unit was engaged for the third day with a stubborn enemy unit blocking Highway 547 west of Hue. (CONFIDENTIAL))

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BOLIVIA: In the past week police have seriously damaged the extreme leftist National Liberation Army (ELN) in a number of raids on safe houses. On 30 and 31 March, security forces reportedly arrested more than 20 persons and seized stocks of explosives, arms, and other equipment. On 4 April, two ELN members were killed and six captured, including Loyola Guzman, a founder of the ELN and a member of the high command. Chato Peredo remains at large, but if Guzman, who reportedly is seriously wounded, gives the police information, the authorities should be able to take further action against the remnants of the ELN. (CONFIDENTIAL)

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